

## Categories of Child Benefits

### General Principle

This section provides an overview of the types of child benefits that are provided to families with children. While child benefit payments are from sources outside of the Social Development Program, they are interrelated and must be considered in the administration of the Social Development Program.

### Canada Child Benefits Cheque

The Canada Child Tax Benefit (CCTB) cheque issued by Canada Revenue Agency (CRA) consists of one or more of the following:

- BC Basic Family Bonus;
- BC Earned Income Benefit;
- Basic Child Tax Benefit;
- National Child Benefit Supplement.

### Universal Child Care Cheque

The Universal Child Care Benefit (UCCB) cheque issued by Canada Revenue Agency (CRA) but is paid separately from the Canada Child Tax Benefit (CCTB).

### BC Family Bonus Program

The BC Family Bonus program includes the basic Family Bonus (BCBFB) and the BC Earned Income Benefit (BCEIB) that are authorized under the provincial *Income Tax Act*. The provincial *Ministry of Small Business and Revenue* is responsible for the BC Family Bonus Program.

The BC Family Bonus program provides non-taxable monthly payments to help low and modest income families with the cost of raising their children under the age of 18. These benefits are combined with the Canada Child Tax (CCTB) system to provide a single monthly payment.

There is no need to apply separately to get these benefits, the information provided from the CCTB application will be used to determine eligibility for the BC Family Bonus program. In order to receive the BC Family Bonus benefits through the CCTB system all families must file an income tax return annually.

### **Definition of Family Bonus**

The Family Bonus (FB) is the combined sum of the provincial BC Basic Family Bonus (BCBFB) and the National Child Benefit Supplement (NCBS) up to the maximum amount of \$123.50 per month for each dependent child.

Families in BC with an annual net income of \$20,500 or less will receive a combined FB (BCBFB/NCBS) payment of up to the maximum amount of \$123.50 per month for each dependent child in the month following the birth up to the 18 birthday of the child.

Families with an annual net income higher than \$20,500 may be entitled to a reduced monthly combined FB (BCBFB/NCBS) payment based on their income and number of dependent children.

### **BC Basic Family Bonus**

The BC Basic Family Bonus (BCBFB) provides families with a benefit of up to \$111 per child per month when combined with the National Child Benefit Supplement (NCBS). Benefits are calculated based on the number of children in the family and the family's net income.

### **BC Earned Income Benefit**

Families whose earned income is more than \$3,750 may be also entitled to the BC Earned Income Benefit (BCEIB). The maximum amount a family receives is dependent on the number of eligible children in the family and the family's net income.

The BCEIB is an employment incentive program that directly benefits families with earned income of more than \$3,750 in the previous year. The amount of BCEIB decreases after a family's annual net income exceeds \$21,480.

The maximum BCEIB are as follows:

- up to \$20.25 per month for the first child;
- up to \$17.58 per month for the second child; and
- up to \$18.91 per month for each additional child.

***Need more Information***

These programs are fully funded by the provincial Ministry of Small Business and Revenue for BC and for more information call 1-800-387-1193 or visit their web site at [www.rev.gov.bc.ca](http://www.rev.gov.bc.ca).

**Canada Child Tax Benefit - Canada Revenue Agency**

The Canada Child Tax Benefit (CCTB) is a tax-free monthly payment made to eligible families to help them with the cost of raising children under age 18.

The CCTB has three components, the Basic Child Tax Benefit, the National Child Benefit Supplement (NCBS) and the Child Disability Benefit (CDB). In order to receive the CCTB benefits all families must file an income tax return annually. The CCTB is paid monthly (normally to the mother) for eligible children.

The CCTB payments are paid over a 12-month period from July of one year to June of the next year. Generally, payments are made on the 20th of each month or, if the annual entitlement is less than \$120, it will be sent as a single “one-time” payment on July 20<sup>th</sup>. The CCTB is adjusted each July, using the family’s net annual income from the previous taxation year.

The benefit may be adjusted during the year due to changes in family composition (spouse or children), or due to reassessment of tax returns.

***Basic Child Tax Benefit***

The Basic Child Tax Benefit provides:

- each child under age 18, the basic benefit is \$1,255 per year (\$104.58 a month);
- third and additional child, an additional supplement of \$88 per year (\$7.33 a month);
- each child who is six years of age or under, a supplement of \$249 per year (\$20.75 a month). Any amount that is claimed for child care expenses on the income tax return will reduce this benefit by 25%.

Eligible families with children under six years of age will receive the new Universal Child Care Benefit (UCCB).

Families in with an annual net income of \$36,378 or less will receive the maximum benefit amount for each dependent child in the month following the birth up to the 18 birthday of the child.

Families with an annual net income higher than \$36, 378 may be entitled to a reduced benefit amount based on their income and number of dependent children as follows:

- one-child family, the reduction is 2%
- two or more children, the reduction is 4%

### ***National Child Benefit Supplement***

The National Child Benefit Supplement (NCBS) is a joint initiative of the federal, provincial and territorial governments, and First Nations. This initiative:

- helps prevent and reduce the depth of child poverty;
- ensures that families will always be better off as a result of parents working; and
- reduces overlap and duplication of government programs and services.

The NCBS amounts are:

- **\$162.08** per month for the first child;
- **\$143.33** per month for the second child; and
- **\$136.41** per month for each additional child.

The NCBS benefit will be reduced by a percentage of the amount of the family net income that is more than \$20,435 and on the number of children in a family with:

- one child, the reduction is 12.2%
- two children, the reduction is 22.9%
- three or more children, the reduction is 33.2%

The combined FB payment effective July 2006, families with an annual net income of \$20,435 or less will receive combined BCBFB/NCBS amounts per month from CRA as follows:

	NCBS	BCBFB	Combined Total
first child who is under the age of 18	\$162.08	\$0.00	\$162.08
second child	\$143.33	\$0.00	\$143.33
third and each additional child	\$136.41	\$0.00	\$136.41

### **Child Disability Benefit**

The Child Disability Benefit (CDB) is a tax-free benefit of up to \$2,300 per year (\$191.66 per month) for families who care for a child under age 18 with a severe and prolonged disabilities according to the Income Tax Act. The CDB is paid monthly to Canada Child Tax Benefit (CCTB) eligible individuals.

The Canada Revenue Agency (CRA) will determine eligibility for CDB benefits, using Form T2201, Disability Tax Credit Certificate and the family's income tax return.

The CDB amount is calculated according to the base income amount, which is determined by the number of children for whom you receive CCTB. Full CDB will be benefit will be paid if the family net income is less than the base amount for your family size, as indicated in the chart below.

Number of children in your family for whom you receive CCTB	BASE AMOUNT
1	\$36,378
2	\$36,440
3	\$36,405
4	\$41,336
5	\$46,267
6	\$51,197
7	\$56,128
8	\$61,059
9 or more	Contact CRA

The CDB benefit will be reduced by a percentage of the amount of the family net income that is more than the base amount as follows:

- one child, the reduction is 2%
- two or more children, the reduction is 4%

### **Need more Information**

For further information about the CCTB benefits, visit the CRA website at [www.cra.gc.ca/ctb](http://www.cra.gc.ca/ctb) or call 1-800-387-1193.

## **Universal Child Care Benefit**

The Universal Child Care Benefit (UCCB) is a new initiative created by the Government of Canada.

The UCCB is designed to assist Canadian families, as they seek to balance work and family life, by supporting their child care choices through direct financial support.

The Department of Human Resources and Social Development Canada, the Canada Revenue Agency and Service Canada are all working together to deliver the UCCB on behalf of the Government of Canada.

The UCCB payment is:

- taxable;
- will be made on or about the 20<sup>th</sup> of each month starting in July 2006; and
- will be paid on behalf of children under the age of six years in instalments of **\$100 per month** per child (up to \$1,200 annually).

The UCCB will be processed through the Canada Child Tax Benefit application.

### **Need more Information**

For further information about the UCCB, visit the CRA website at [www.cra.gc.ca/uccb](http://www.cra.gc.ca/uccb) or call 1-800-387-1193.